

MEMBER NEW YORK, CHICAGO AND DETROIT STOCK EXCHANGES

Private Wire Connections to Principal Markets of the United States and Canada

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GROUND FLOOR, PENOBSCOT BUILDING

Grand Rapids Lansing Flint Pontiac Jackson Saginaw Muskegon

INVESTMENT SELECTIONS

The security covered below has been carefully selected by us, with no attempt to forecast its short-term price movement, but in an endeavor to place before our clients an issue which, in its respective group, appears to offer an attractive investment value. We shall be glad to discuss this security in detail with those who are contemplating investment commitments. For a discussion of the general market we refer clients to our weekly and monthly market letters.

KROGER GROCERY AND BAKING COMPANYSummary of Common Stock Position

Market Price	Dividend	% Yield	Earned per Share 1927	Earned per Share 1928	Ratio to Market	Book Value	Ratio to Market
\$44	\$1.00*	7.27#	\$2.83	\$3.46	7.86%	\$29.20	66.4

* Plus 5% in stock.

Including stock dividend.

Kroger Grocery and Baking Company ranks as the second largest chain grocery store system in the United States. Its expansion has been particularly rapid in recent years, and at the present time over 5,600 stores are in operation, as contrasted with 4,253 units at this time a year ago. Most of the stores are located in the Middle West and are served by the company's own bakeries, coffee roasting plants, meat packing and sausage making factories, and by general establishments for the making of candy, spices and other lines of food-stuffs.

The company entered the Chicago territory late in 1928 through the purchase of the Consumers' Sanitary Coffee & Butter chain. In August of this year, it acquired the Milgrem chain of 34 stores in Kansas City, Missouri; and entered the Eastern states with the purchase of the Jamison chain of 91 stores in Roanoke, Virginia. Other units have been added throughout Pennsylvania, Illinois and Tennessee. A continuation of this aggressive program of growth can be anticipated and it is expected that when the recently acquired stores have been thoroughly co-ordinated, a substantial improvement in profits should be realized.

Net income has doubled every three years since 1922, and per share earnings, based on the stock outstanding at the end of 1928, amounted to \$3.46 in that year, as contrasted with \$2.83 in 1927. Sales for the 34 weeks ended August 31, increased 46% over the like period of 1928, and if this percentage improvement continues throughout the balance of the year, the gross business of the company should approximate \$300,000,000 in 1929. Earnings for the full year accordingly should be close to \$5 a share.

Kroger's financial position as of the end of 1928 was strong, with current assets of \$31,014,000, including \$8,365,000 cash and marketable securities, compared with current liabilities of \$9,829,000. An unbroken dividend record has been maintained since 1905. The current rate is \$1 in cash, supplemented by 5% in stock. The company's earning power and the outlook for continued expansion in its business justifies, in our opinion, real confidence in the long-term future of the common stock.

December 21, 1929

E. E. MacCrone & Company

THE INFORMATION CONTAINED HEREIN, WHILE NOT GUARANTEED, HAS BEEN CAREFULLY COMPILED

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LANSBURGH BROTHERS

MEMBERS NEW YORK STOCK EXCHANGE

30 BROAD STREET

NEW YORK

ROBERT S. LANSBURGH
PERCY W. LANSBURGH
LOUIS RANGER

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FEB 21 1928

TELEPHONE HANOVER 0126
CABLES: LANSBRO, NEW YORK

January 25, 1928.

THE KROGER GROCERY & BAKING COMPANY

In view of the listing of the Common Stock of The Kroger Grocery & Baking Company on the New York Stock Exchange, we believe the accompanying analysis of the Company's business and of its remarkable growth will prove of interest.

The number of Kroger Stores has increased over 90 fold since 1902 and sales over 110 fold since 1900. With only two exceptions, the dollar volume in each of the past 35 years has been greater than in any preceding year. Net earnings have increased 30 fold since 1909 and in the past nine years, which include the deflation period of 1920-21, net earnings in each year were in excess of the preceding year.

While earnings for 1927 have not yet been announced, they were recently estimated, by Mr. W. H. Albers, First Vice-President, as substantially in excess of the figure for the previous year.

The Company has just declared an initial quarterly cash dividend of 25 cents per share, payable March 1, 1928, to stock of record February 10, 1928. It has also declared a stock dividend of 5% payable April 2, 1928, to stock of record March 10, 1928. This stock dividend, if sold at about current prices, plus the annual cash dividend would give the investor a return of about 6.32%.

In view of the Company's past record, the nature of its business, its conservative capitalization and its prospects for future growth, we recommend The Kroger Grocery & Baking Company Common Stock as a sound investment. We believe further, that the stock at current prices is undervalued in comparison with other stocks of a similar character, and in our opinion it should gradually move to considerably higher levels.

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